

(PRE-FILED)

By: ~~Delegate Ramirez~~ **Delegates Ramirez, Madaleno, Hixson, Healey,
Parker, Hubbard, G. Clagett, Menes, Vaughn, and Conroy**
 Requested: October 31, 2003
 Introduced and read first time: January 14, 2004
 Assigned to: Economic Matters

Committee Report: Favorable with amendments
 House action: Adopted
 Read second time: March 27, 2004

CHAPTER _____

1 AN ACT concerning

2 **Commercial Law - Credit Regulation - Statements of Loan Payments**
 3 **Furnished by Lenders**

4 FOR the purpose of requiring a lender who receives scheduled monthly periodic
 5 payments on more than five loans secured by an interest in real property to
 6 furnish to the borrower a certain written ~~statement~~ statements within a certain
 7 ~~amount of time~~ periods after the lender receives a written request from the
 8 borrower; ~~authorizing the Attorney General to institute a civil action against a~~
 9 ~~lender who fails to furnish to a borrower a certain written statement to recover~~
 10 ~~for the State a certain penalty; providing that each failure to furnish to a~~
 11 ~~borrower a certain written statement shall be considered an independent~~
 12 ~~violation providing for the enforcement of this Act; and generally relating to~~
 13 statements of loan payments furnished by lenders to borrowers.

14 BY repealing and reenacting, with amendments,
 15 Article - Commercial Law
 16 Section 12-106
 17 Annotated Code of Maryland
 18 (2000 Replacement Volume and 2003 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 20 MARYLAND, That the Laws of Maryland read as follows:

1

Article - Commercial Law

2 12-106.

3 (a) This section does not apply to any loan:

4 (1) Described in § 12-103(e) of this subtitle; or

5 (2) Made under Title 18, Subtitle 10 of the Education Article.

6 (b) (1) Before the execution of a loan contract under this title, the lender
7 shall furnish to the borrower a written statement which sets forth:8 (i) The total principal amount of the loan and the total amount of
9 finance charge as defined in the federal Truth in Lending Act to be paid, stated in
10 dollars, except that on loans payable on demand, the total amount of finance charge
11 to be paid shall be stated on a per diem basis;12 (ii) The annual effective rate of simple interest charged, stated in
13 percentage calculated to the nearest 0.2 percent; and14 (iii) The itemized amount of payments in addition to interest
15 payable to the lender in connection with the loan at the time the loan is made, stated
16 in dollars.17 (2) If the loan is made to two or more borrowers, delivery of the
18 statement to one borrower is sufficient, but a copy of the statement shall be furnished
19 to each other borrower.20 (3) Paragraphs (1)(i), (ii), and (iii) of this subsection do not apply to any
21 loan subject to the disclosure provisions of the federal Truth in Lending Act, if the
22 lender complies with the applicable disclosure provisions of the federal act and its
23 regulations.24 (4) A statement that complies with the applicable disclosure provisions
25 of the federal Truth in Lending Act is sufficient to meet the requirements of this title.26 (c) (1) WITHIN 5 BUSINESS DAYS AFTER A WRITTEN REQUEST BY THE
27 BORROWER OR THE BORROWER'S AUTHORIZED REPRESENTATIVE, A LENDER WHO
28 RECEIVES SCHEDULED MONTHLY PERIODIC PAYMENTS ON MORE THAN FIVE LOANS
29 SECURED BY AN INTEREST IN REAL PROPERTY SHALL PROVIDE THE BORROWER OR
30 THE BORROWER'S AUTHORIZED REPRESENTATIVE WITH A WRITTEN STATEMENT OF
31 THE DOLLAR FIGURE WHICH WILL REPAY A LOAN IN FULL.32 (2) At least annually and[, on request of the borrower, at any other
33 reasonable time or interval] WITHIN 48 HOURS, A REASONABLE TIME NOT TO EXCEED
34 45 DAYS AFTER A LENDER RECEIVES A WRITTEN REQUEST FROM A BORROWER OR
35 BORROWER'S AUTHORIZED REPRESENTATIVE, a lender who receives scheduled
36 monthly periodic payments on more than five loans secured by an interest in real

1 property shall furnish to the borrower a written statement informing the borrower of
2 the amount of:

3 (+) (I) Payments credited to reducing the principal;

4 (2) (II) Payments credited to interest as defined in this subtitle; and

5 (3) (III) The remaining unpaid principal balance.

6 ~~(D) (+) THE ATTORNEY GENERAL MAY INSTITUTE A CIVIL ACTION AGAINST~~
7 ~~A LENDER, WHO FAILS TO FURNISH TO A BORROWER OR BORROWER'S AUTHORIZE~~
8 ~~REPRESENTATIVE THE WRITTEN STATEMENT REQUIRED UNDER SUBSECTION (C) OF~~
9 ~~THIS SECTION, TO RECOVER FOR THE STATE A PENALTY NOT TO EXCEED \$1,000 FOR~~
10 ~~EACH VIOLATION.~~

11 (2) ~~FOR THE PURPOSES OF THIS SUBSECTION, EACH FAILURE TO~~
12 ~~FURNISH TO A BORROWER THE WRITTEN STATEMENT REQUIRED UNDER~~
13 ~~SUBSECTION (C) OF THIS SECTION SHALL BE CONSIDERED AN INDEPENDENT~~
14 ~~VIOLATION.~~

15 (3) ~~THE BORROWER SHALL BE ENTITLED TO CLAIM ACTUAL DAMAGES~~
16 ~~IT SUFFERS, INCLUDING REASONABLE ATTORNEYS' FEES, FOR THE LENDER'S~~
17 ~~FAILURE TO TIMELY PROVIDE THE WRITTEN STATEMENT REQUIRED UNDER~~
18 ~~SUBSECTION (C) OF THIS SECTION.~~

19 (D) IN ADDITION TO ANY OTHER PENALTY AUTHORIZED BY LAW, A VIOLATION
20 OF SUBSECTION (C) OF THIS SECTION IS SUBJECT TO § 11-517 OF THE FINANCIAL
21 INSTITUTIONS ARTICLE.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2004.